

Message Text

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P 011025Z MAY 75

FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 5519

USDOC WASHDC PRIORITY

UNCLAS SECTION 1 OF 2 VIENNA 3750

BEWT FOR ROBINSON

E.O. 11652: N/A

TAGS: BEXP, AU

SUBJECT: RESEARCH PROJECT ON EAST-WEST TRADE PROMOTION

REF: STATE 065236

1. SUMMARY: AUSTRIAN TOTAL TRADE PROMOTION BUDGET FOR 1974 WAS 15.2 MILLION U.S. DOLLARS. AUSTRIANS USED RECIPROCAL VISITS BEGINNING AT MINISTERIAL LEVEL AND ENDING WITH MEETINGS OF REPRESENTATIVES OF FIRMS AS BASIC TRADE PROMOTION SYSTEM. EMPHASIS IS ON PARTICIPATION IN SPECIALIZED INTERNATIONAL TRADE FAIRS. AUSTRIANS CANNOT EVALUATE EFFECTIVENESS OF VARIOUS TRADE PROMOTION DEVICES BUT BELIEVE EXHIBIT PARTICIPATION BEST FOR AUSTRIAN FIRMS. AUSTRIANS MAKE NO DISTINCTION AMONG GEOGRAPHIC AREA INCLUDING USSR, EE AND PRC IN TRADE PROMOTIONS BUT SOCIALIST COUNTRIES REPRESENT VERY IMPORTANT AND GROWING TRADE PARTNERS FOR AUSTRIANS. END SUMMARY.

2. TO FINANCE AUSTRIAN EXPORT PROMOTION ACTIVITIES, A LEVY OF 0.3 PERCENT AD VALOREM IS COLLECTED FROM ALL EXPORTS AND IMPORTS. IN 1974 THIS LEVY YIELDED ABOUT 15.2 MILLION US DOLLARS.

3. SOURCES POINTED OUT THAT USSR AND EE TRADE REPRESENTS HIGHLY SIGNIFICANT PART OF AUSTRIAN FOREIGN TRADE
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ACCOUNTING RO 15.1 PERCENT OF AUSTRIAN EXPORTS AND

9.7 PERCENT OF IMPORTS.

4. TOTAL AUSTRIAN EXPORT PROMOTION BUDGET IS NOT BROKEN DOWN BY COUNTRY BUT EACH TRADE EVENT IS ASSIGNED ITS OWN BUDGET. ALL TRADE PROMOTION ACTIVITIES ARE DONE IN VIENNA BY FEDERAL CHAMBER OF COMMERCE (MEMBERSHIP TO WHICH IS COMPULSORY FOR ALL AUSTRIAN BUSINESSMEN) AND INCLUDE SUCH SERVICES AS PROVIDING INFORMATION, MAKING CONTRACTS, GIVING SUGGESTIONS ON PREPARATIONS OF LETTERS, TRANSLATING FROM GERMAN INTO TRADING PARTNER LANGUAGE AND VICE VERSA, ADVISING ON NEGOTIATING TACTICS AND OTHER ASPECTS OF NEGOTIATIONS, GENERAL LEGAL ADVICE PRIOR TO CONTRACT SIGNINGS, OTHER GENERAL LEGAL ASSISTANCE RELATING TO TRADE MATTERS IF REQUIRED, COORDINATION OF JOINT BIDS OR COOPERATIVE ARRANGEMENTS INVOLVING SEVERAL AUSTRIAN FIRMS OR BETWEEN AUSTRIAN AND FOREIGN FIRMS, AND ANY OTHER ASSISTANCE AS APPROPRIATE. SERVICES AND PARTICIPATION OF AUSTRIAN FIRMS IN TRADE EVENTS ARE PARTIALLY SUBSIDIZED BY CHAMBER OF COMMERCE. (SIZE OF SUBSIDY DEPENDS ON LOCATION OF EVENT (EUROPE - OVERSEAS), QUALIFICATION OF AUSTRIAN PERSONNEL ATTENDING EVENT, AND WHETHER PARTICIPANT IS NEW TO EVENT OR NOT.)

5. AUSTRIANS ARE FAMILIAR WITH TRADE PROMOTION TECHNIQUES USED BY UNITED STATES GOVERNMENT INCLUDING SPECIAL EMPHASIS ON PROVIDING TECHNICAL ASSISTANCE AND INFORMATION AS PART OF TRADE PROMOTION TOWARDS USSR, EE COUNTRIES AND PRC. IN LATTER CONNECTION DR. JOSEF MEISL OF MINISTRY OF TRADE NOTED THAT AUSTRIANS TRY TO GIVE DUE RECOGNITION TO GENUINE TECHNICAL ADVANCES WHICH EE COUNTRIES HAVE MADE. HE NOTED THAT HUNGARIANS AS ONE EXAMPLE ARE PROUD OF THEIR INDUSTRIAL PROGRESS AND FOREIGNERS INTERESTED IN SELLING TO HUNGARY MUST TAKE THIS INTO ACCOUNT. AUSTRIANS SAY THEY HAVE NO OBJECTIVE WAY OF EVALUATING VARIOUS TRADE TECHNIQUES BUT HAVE DEVELOPED THEIR PROGRAMS MAINLY ON BASIS OF COMMON SENSE AND EXPERIENCE. THEY RELY MORE ON PARTICIPATION IN INTERNATIONAL FAIRS THAN OTHER TECHNIQUES.

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6. MEISL SAID THAT AUSTRIAN TRADE PROMOTION STRATEGY IS CENTERED AROUND RECIPROCAL VISITS WITH IMPORTANT TRADING PARTNERS. CYCLE STARTS WITH VISIT OF CHANCELLOR OR AN APPROPRIATE MINISTER WHICH IS TO LARGE EXTENT CEREMONIAL IN NATURE BUT ALSO INTENDED TO CREATE FAVORABLE CLIMATE FOR TRADE. VISIT INCLUDES DISCUSSIONS OF AREAS O POSSIBLE ECONOMIC COOPERATION.

POLITICAL ISSUES ARE KEPT AT MARGIN. SUCH VISITS
FOCUS ON DEVELOPMENT OF CLOSER ECONOMIC, SCIENTIFIC
AND CULTURAL RELATIONS. WHILE CHANCELLOR OR MINISTER
LEVEL VISIT IS UNDERWAY SEPARATE AUSTRIAN TRADE DELEGATION
ALSO VISITS COUNTRY TO TAKE ADVANTAGE OF FAVORABLE CLIMATE
GENERATED BY TOP LEVEL VISIT. TRADE DELEGATION CAN
STAY LONGER AND ATTEMPTS TO IDENTIFY CONCRETE OPPOR-
TUNITIES FOR TRADE COOPERATION AGREED IN PRINCIPLE AT
HIGHER LEVEL. THESE VISITS ARE FOLLOWED UP BY
MEETINGS OF MIXED COMMISSIONS OF INDUSTRIAL EXPERTS
WHICH IN TURN ARE FOLLOWED BY FURTHER VISITS BY
WORKING PARTIES WHO TRY TO FINALIZE CONTRACTS. CYCLE
TAKES ABOUT ONE YEAR.

7. IN 1975 AUSTRIA HAS PARTICIPATED OR PLANS TO
PARTICIPATE IN FOLLOWING TRADE EVENTS IN USSR, EE
AND PRC:

A) NATIONAL EXHIBITS (GRUPPENAUSTELLUNG):

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TO SECSTATE WASHDC PRIORITY 5520

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BULGARIA. PLOVDIV INTERNATIONAL FAIR.
SEPTEMBER; YUGOSLAVIA. ZAGREB INTERNATIONAL
FAIR. SEPTEMBER; POLAND. POZNAN INTERNATIONAL
TECHNICAL FAIR. JUNE; ROMANIA. BUCHAREST
INTERNATIONAL TECHNICAL EXHIBITION.-TECHNEXPO
'75; CZECHOSLOVAKIA. INTERNATIONAL FOOD FAIR-
SALIMA. FEB. USSR. MOSCOW INTERNATIONAL
EXHIBITION OF COMMUNICATIONS SYSTEMS AND
EQUIPMENT-SVJAZ '75. HUNGARY. BUDAPEST
INTERNATIONAL AGRICULTURAL FAIR. AUG.
B) BOOK EXHIBITS: POLAND. WARSAW INTERNATIONAL

BOOK FAIR. MAY.

C) SPECIAL TRADE EVENTS:

BULGARIA. SOFIA. FABRIC AND CLOTHING SAMPLE
DISPLAY. JUNE. GDR. AUSTRIAN TECHNICAL AND
SCIENTIFIC WEEK. JUNE 2-6. ROMANIA. BUCHAREST.
FABRIC AND CLOTHING DISPLAY. JUNE. HUNGARY.
BUDAPEST. FABRIC AND CLOTHING SAMPLE DISPLAY;
JUNE.

D) INFORMATION OFFICES:

GDR. LEIPZIG. INTERNATIONAL SPRING FAIR. MARCH.
LEIPZIG INTERNATIONAL FALL FAIR. AUGUST-SEPT.
YUGOSLAVIA. BELGRADE INTERNATIONAL TECHNICAL FAIR.
MAY. CZECHOSLOVAKIA. BRNO. INTERNATIONAL ENGINEERING
FAIR. SEPTEMBER.
HUNGARY. BUDAPEST INTERNATIONAL TECHNICAL
FAIR. MAY.

8. TRADE EVENT SELECTION PROCESS BEGINS AS EARLY
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AS TWO YEARS IN ADVANCE. RESEARCH BY CHAMBER
IDENTIFIES EVENTS BELIEVED LIKELY VEHICLES FOR
INTRODUCING OR INCREASING AUSTRIAN EXPORTS IN TARGET
COUNTRY. AUSTRIAN INDUSTRY IS THEN POLLED AND IF
RESPONSE IS SIGNIFICANT, I.E., IF ABOUT 20 FIRMS
STATE THEY WISH TO JOIN IN EXHIBIT, DECISION IS MADE
TO PARTICIPATE. AUSTRIAN FOR TRADE OFFICIAL EXPRESSED
VIEW THAT CHAMBER OF COMMERCE SELECTION PROCESS TOO
DEPENDENT ON AUSTRIAN INDUSTRY RESPONSE AND THAT
AUSTRIANS WOULD DO WELL TO SPONSOR SMALL EXHIBITS
FOR AS FEW AS FIVE FIRMS WHERE MARKET IS RELATIVELY
UNTAPPED AND NOT OF CURRENT INTEREST BUT WHERE THERE
IS LONG RANGE POTENTIAL.

9. AUSTRIAN COMMERCIAL OFFICERS ABROAD, CALLED TRADE
DELEGATES, ARE NOT GOVERNMENT EMPLOYEES BUT ARE
EMPLOYEES OF (SEMI-OFFICIAL) FEDERAL CHAMBER OF COMMERCE.
THE ARE TWO COMMERCIAL OFFICERS EACH IN BULGARIA,
CZECHOSLOVAKIA, GERMAN DEMOCRATIC REPUBLIC, POLAND,
HUNGARY, ROMANIA, USSR AND YUGOSLAVIA. (TRADE
DELEGATES STATIONED IN COMECON COUNTRIES ARE INTEGRATED
IN AUSTRIAN FOREIGN SERVICE AND ENJOY DIPLOMATIC
STATUS.) NONE ARE STATIONED IN ALBANIA OR PRC.
OFFICES OF COMMERCIAL OFFICERS ARE EQUIPPED WITH
TELEX FOR IMMEDIATE TRANSMITTAL OF TRADE OP'S WHICH,
IN MOST INSTANCES, CAN BE ANSWERED PROMPTLY BY CENTRAL
DATA BANK IN VIENNA.

10. AUSTRIANS DO NOT HAVE ANY TRADE CENTERS ABROAD
ALTHOUGH THERE ARE DISPLAY ROOMS IN SOME OF THE OFFICES

OF AUSTRIAN TRADE REPRESENTATIVES.

11. AUSTRIA DOES NOT GIVE USSR, EE OR PRC ENHANCED
SUPPORT OVER OTHER COUNTRIES IN ITS EXPORT SUPPORT
ACTIVITIES. AUSTRIAN KONTROLLBANK (GOVERNMENT CONTROLLED)
PLAYS ROLE COMPARABLE TO US EXIMBANK. DEVICES INCLUDE
RE-FINANCING OF CREDITS TO EXPORT FIRMS AT VARIABLE
INTEREST RATES DEPENDING ON TERMS AND PAYMENT GUARANTEES
AS WELL AS PROTECTION AGAINST CHANGES IN EXCHANGE RATES.
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